



*The Help and Advice
You Need!*

WELFARE BENEFITS FACTSHEET

V1, 22/4/2020

UNIVERSAL CREDIT AND THE SELF-EMPLOYED

If you are self-employed and unable to work due to the current lockdown situation, then you are being advised to make a claim for Universal Credit. This may be the first time that you have had experience of the benefit system, which can be very cumbersome and daunting.

The Government has tried to make the system as easy as possible to navigate, but with over 1 million people submitting claims, the DWP is vastly stretched in processing them.

Below are some tips for self-employed people who are attempting to claim Universal Credit. The amount of Universal Credit payable is based on your earnings as submitted to HMRC for the 2018/19 tax year.

When claiming UC, you need to verify your identity. Normally this is done in person, with a visit to the Job Centre. It is now being done online, but the process is very slow in view of the number of people claiming. In order to speed up the process for self-employed people the DWP has said that you can use your Unique Tax Reference number as proof of identity, which, hopefully, will mean that your claim can be processed without further delays.

You need to think about how your claim for UC will affect your household. Any claim that you make takes into account your household income, so if you partner also works, claims benefits in their own right, you receive Child Tax Credits, housing benefit, etc, all of these will need to be declared as part of your claim, and any money paid out, will be paid out in one sum to the person who is the main Universal Credit claimant. If your partner receives welfare benefits in their own right—JSA, Child Tax Credit, Working Tax Credit, then these benefits will stop, as the claim for Universal Credit has to be a joint one.

It is also worth noting, that once a claim for Universal Credit has been submitted, then any legacy benefits will never be able to be reinstated, eg, once you return to your self-employed work, your household would need to still claim Universal Credit if your partner was previously receiving, for example, Child Tax Credits, in order for the money to continue to be paid. As part of the payment of Universal Credit, you would both need to abide by the Claimant Commitment, report changes in circumstances and income, and look for work in order to increase both your incomes so that you would no longer need to claim Universal Credit.

There is a threshold of £16,000 in savings applicable to Universal Credit claims. If you have over £16,000 you are not eligible. Some self-employed people may have funds set aside to pay their yearly tax bill, thus in theory, taking them over the £16,000. You need to point out in your application and in your online journal that these funds are not savings, but just tax which has not yet been paid. The DWP has said that it is prepared to accept this as an explanation as to why these should not be classed as savings.

**For more advice, contact us on 0151 662 0059
(Tuesday and Wednesday—11 am—3 pm, and Thursday, 11 am—1 pm)
or via email on enquiries@liverpoolcommunityadvice.org.uk**